

Early Morning Update

The Jul '22 natural gas contract is trading down \$0.22 at \$8.51. The Jul '22 crude oil contract is up \$4.23 at \$119.30.

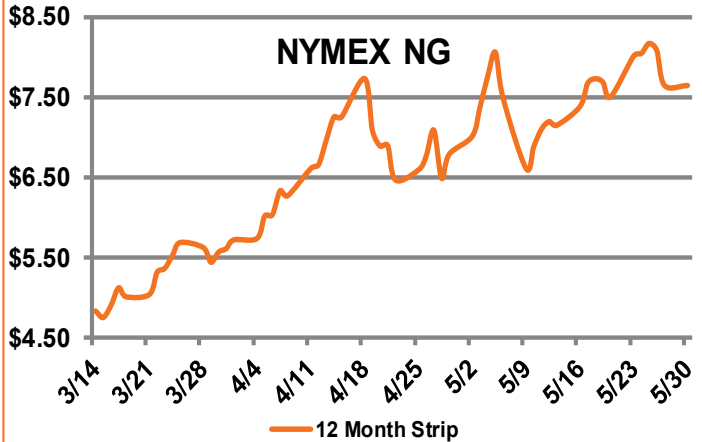
Summary: Making its debut in the prompt month position on Friday, the July '22 natural gas contract fell almost 17 cents on the day, settling at 8.727/MMBtu. The 2023 calendar strip lost 2.7 cents, but everything beyond 2023 and out through 2034 gained two to three cents. Dry natural gas production had climbed as high as 95 Bcf/d on Friday, but fell 400 MMcf/d over the weekend, with losses seen in the Midcon and Northeast regions. After declining slightly on Saturday and Sunday, power burn ticked up to 31.2 Bcf/d today, an increase of 2.6 Bcf/d from Friday. Partially offsetting the increase in demand for natural gas to generate electricity, demand in the res/comm and industrial sectors fell slightly, but not enough to erase the overall increase in demand. LNG exports are also down 1.1 Bcf/d from Friday. Capacity for several pipelines in the Northeast will be reduced in June, including Algonquin, Tennessee, Iroquois, NEXUS, and Rover, as summer maintenance season begins. This could keep regional gas prices elevated, especially as natural gas continues to dominate the fuel stack in many regions. With natural gas prices having a heavy influence on power prices in most markets, this does not bode well for electric prices as we kick off what's expected to be a warmer-than-normal summer.

Bullish Factors

- Stagnant natural gas production
- High oil and global gas prices
- Western drought and continued heat

More Bullish Factors

- Large natural gas storage deficit
- LNG exports close to max
- Warmer-than-normal summer forecast



Next Day On-Peak Power (traded for 5/31/2022)

ISO-NE Mass Hub \$104.80	MISO Indiana Hub \$114.44	NYISO Zone G \$122.61
PJM West Hub \$124.75	ERCOT North \$72.56	CAISO SP15 \$65.67
NYMEX NG		Change
Jul-22	8.727	-0.168
Aug-22	8.712	-0.168
12-Month	7.644	-0.114
Cal 23	5.876	-0.027
Cal 24	4.588	0.024

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,812	1,732	2,199	2,139
Diff v. Current		80	-387	-327
% Diff			-17.6%	-15.3%

